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IN THE

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Supreme Court of the United States

OCTOBER TERM, 1982

ASHLAND OIL, INC.,

Petitioner

vs.

DELTA OIL PRODUCTS CORPORATION,

Respondent

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Is a court required to weigh secondary considerations of unobviousness after finding the claims at issue to be clearly obvious and unpatentable in view of the prior art?¹

¹ The petitioner mischaracterizes the questions presented to this Court. Petitioner's Question Presented (1) is not factually correct because the District Court did consider the evidence of commercial success. *See* Judge Evans' discussion of that evidence at pages 16-17 of his Decision and Order of March 26, 1981 (229-30). Further, Petitioner's Question Presented (2) is a sham issue not previously raised by petitioner and discussed in less than one page in the petition. It appears that petitioner frames this issue attempting to avoid the inevitable conclusion that this appeal is moot because the trial court found no infringement as well as several grounds of invalidity of the asserted patent claims.

TABLE OF CONTENTS

	PAGE
Question Presented.....	i
Table of Authorities.....	iii
Statement of the Case.....	1
Argument	4
1. The District Court Did Not Exclude The Evidence Of Commercial Success But Ruled It Not Probative Of Unobviousness Of The Claims At Issue	4
2. The Rule of <i>Republic</i> Is Consistent With Holdings Of This Court.....	6
3. There Is No Conflict Between The Circuits Because All Patent Appeals Now Go To The Court Of Appeals For The Federal Circuit.....	8
Conclusion.....	11

TABLE OF AUTHORITIES

	PAGE
<i>Cases</i>	
<i>American Seating Company v. National Seating Company</i> , 586 F. 2d 611 (6th Cir. 1978), cert. denied 441 U. S. 907 (1979) (No. 78-1304)	9
<i>Anderson's-Black Rock, Inc. v. Pavement Salvage Co.</i> , 396 U. S. 57 (1969)	7
<i>Cathodic Protection Service v. American Smelting & Refining Company</i> , 594 F. 2d 499 (5th Cir. 1979), cert. denied 444 U. S. 965 (1979) (No. 79-506)	8
<i>Dow Chemical Company v. Halliburton Oil Well Cementing Company</i> , 324 U. S. 320 (1945)	7
<i>Graham v. John Deere Co.</i> , 383 U. S. 1 (1966)	6, 7
<i>Great Atlantic & Pacific Tea Company v. Supermarket Equipment Corporation</i> , 340 U. S. 147 (1950)	7
<i>Jungerson v. Ostby & Barton Company</i> 335 U. S. 560 (1949)	7
<i>McLean v. Ortmayer</i> , 141 U. S. 419 (1891)	7
<i>Paramount Publix Corporation v. American Tri-Ergon Corporation</i> , 294 U. S. 464 (1935)	7
<i>Republic Industries, Inc. v. Schlage Lock Co.</i> , 592 F. 2d 963 (7th Cir. 1979)	5, 6, 8, 9
<i>Smith v. The Goodyear Dental Vulcanite Company</i> , 93 U. S. 486 (1877)	6
<i>South Corporation v. United States</i> , ____ F. 2d ____ 215 U.S.P.Q. 657 (Fed. Cir. 1982)	10
<i>Stevenson v. Grentec, Inc.</i> , 652 F. 2d 20 (9th Cir. 1981), cert. denied, ____ U. S. ___, 102 S. Ct. 2008, 50 U.S.L.W. 3858 (1982) (No. 81-1185)..	8

	PAGE
<i>Statutes</i>	
Federal Courts Improvement Act of 1982, § 402,	
28 U. S. C. § 171.....	9-10
35 U. S. C. § 103 (1976).....	3
<i>Other</i>	
H. R. Rep. No. 97-312, 97th Cong., 1st Sess. 20	
(1981).....	9
S. Rep. 97-275, 97th Cong., 1st Sess. 3 (1981).....	9

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STATEMENT OF THE CASE

Petitioner Ashland commenced this lawsuit in 1976 as a patent infringement action. It asserted that Respondent Delta's "Quick Set" foundry binder system infringed claims 1 and 13 of Ashland's U. S. Patent No. 3,409,579 ("'579 patent") and claims 1 and 16 of Ashland's U. S. Patent No. 3,676,392 ("'392 patent")² (95,211). Ashland also accused Delta's

² All references herein are to the Appendix filed with Ashland's Petition. The page numbers are in the lower right hand corner and correspond to the numbers used in the Seventh Circuit Joint Appendix with the exception of the Seventh Circuit Decision which has been given new numbers A01-A06.

experimental "Cold Box" product of infringing claims 1, 13, 15, 16 and 18 of the '579 patent, but Ashland presented no evidence at trial as to its composition (243).

The asserted '579 patent claims include a three-part binder system comprised of an admixture of a phenolic resin, a polyisocyanate (as a hardener), and tertiary amine (as a curing agent). The phenolic resin can be either a novolac resin, a polybenzylic ether resin, or a resole resin (219). The asserted '392 patent claims include a resin composition comprising a phenolic resin, a hardener component, and a curing catalyst. The phenolic resin may be either a polybenzylic ether resin or an organic solvent soluble resole (220). Thus all of the claims in issue covered binders made from a polybenzylic ether resin or a resole resin or a novolac resin.

Delta's "Quick Set" binder system and "Cold Box" product were alleged to infringe by reason of including a resole resin. Delta's products never contained a polybenzylic ether resin. Consequently, only broad claims which cover resole or novolac resins in addition to the polybenzylic ether resin were asserted against Delta in this lawsuit. No narrow claim directed exclusively to the polybenzylic ether resin was asserted.

Ashland produced two commercial products based on these patents: Isocure and Pep Set. These products were at all times made with a benzylic ether resin. Ashland never sold any such products based on a resole resin or on a novolac resin. The commercial success of both Isocure and Pep Set was stipulated (229).

Prior to trial, Delta filed its Motion In Limine To Exclude Evidence of Alleged Commercial Success. This motion attempted to have Ashland's commercial success evidence excluded from consideration at trial because the commercial products fell within narrow species claims which were not in issue before the Court. That is, the products fell within the narrow claims of the patents which were not in suit and,

therefore, commercial success of those products was not probative of unobviousness or patentability of the broader claims which were in issue. The Court denied the motion, reasoning that the relevance of the evidence would be better evaluated in the context of the trial (211).

The case was tried to the District Court, Hon. Terence T. Evans, during eight days in 1980. The Court's 32 page Decision and Order of March 26, 1981 found in favor of respondent. All of Ashland's asserted claims were found invalid as obvious under 35 U. S. C. § 103. Further, the '392 patent was found to be invalid for double patenting as an obvious variation of the '579 patent (245). In addition, the Court found that Delta's "Cold Box" process and "Quick Set" system did not infringe Ashland's asserted claims, even if those claims were valid (241).

Ashland appealed to the Court of Appeals for the Seventh Circuit alleging a plethora of grounds for error. That Court affirmed and adopted the memorandum opinion of the district court in its entirety with one exception (A02). The Court of Appeals reversed the District Court's finding of double patenting invalidity of claims 2-15 and 17 of the '392 patent because only claims 1 and 16 of the patent were in issue and susceptible to invalidation (A06).³ The Seventh Circuit Court thus affirmed the District Court decision that claims 1 and 16 of the '392 patent were invalid for double patenting, and also affirmed the District Court decision that all of the claims in issue were invalid for obviousness under 35 U. S. C. 103, and that none of the claims had been infringed. Ashland's petition for rehearing, suggesting that the rehearing be heard *en banc*, was denied.

³ Petitioner's statement that the Seventh Circuit Court "reversed on the holding of double patenting" is wrong.

ARGUMENT

1. The District Court Did Not Exclude The Evidence Of Commercial Success But Ruled It Not Probative Of Unobviousness Of The Claims At Issue

Contrary to petitioner's assertion that the District Court "excluded" petitioner's evidence of commercial success, all such evidence was admitted and considered by that court. Ironically, the petition itself lists seven pages of evidence of commercial success annotated to the trial transcript. *See* Ashland's Petition pp. 6-12.

Despite defendant's Motion In Limine To Exclude Evidence Of Alleged Commercial Success where Delta argued that such evidence was not relevant to obviousness, Judge Evans not only denied the pretrial motion, but also received into evidence all proffered evidence of secondary considerations.

In his Decision and Order of March 26, 1981, Judge Evans discussed the commercial success evidence presented at trial:

Furthermore, Ashland has never sold any Pep Set or Isocure materials containing anything other than benzylid-ether type resins. The prior art that Delta relied upon to develop its binders described the use of both resole and novolac resins, but not benzylid-ether resins. *Proof of commercial success based on benzylid-ether resins does not overcome prior art that shows the obviousness of resole and novolac resins.* The evidence at trial indicated that resole resins *per se* were not readily usable in the claimed invention.

(Emphasis added) pp. 16-17 (229-30).

Judge Evans' opinion, therefore, indicates he considered the evidence of commercial success and ultimately concluded that, because Ashland's commercial product was a single species and not commensurate with the scope of the broad claims asserted by Ashland, it was of little or no relevance to

the evidence of obviousness of resole resin or novolac resin shown by the prior art.

Judge Evans also cited *Republic Industries, Inc. v. Schlage Lock Co.*, 592 F. 2d 963 (7th Cir. 1979) as an alternative basis of treating the evidence of commercial success:

Secondary considerations such as commercial success 'may be weighed only in a close case, in which the application of the primary criteria of nonobviousness under section 103 does not produce a firm conclusion. . . .'

Decision and Order of March 26, 1981, p. 16 (229).

Judge Evans then went on to conclude that "I do not believe this a case close enough to merit the weighing of secondary considerations" (230).

A close reading of the district court opinion, therefore, indicates that Judge Evans made two independent findings with respect to the commercial success evidence. First, he found the evidence not probative of obviousness of the broad claims which read on both the polybenzylid ether resins of Ashland's product and the resole or novolac resins of the prior art. And second, he determined that, because the broad claims were so clearly obvious in light of the prior art showing resole and novolac resins, no amount of commercial success evidence could make those claims unobvious. Application of the rule of *Republic* to this second finding excused the district court from making the futile gesture of "weighing" the commercial success evidence.

The Seventh Circuit Court affirmed stating:

The district court's refusal to consider or weigh secondary considerations was therefore a proper application of our holding in *Republic Industries, supra*, and we find no error.

(Emphasis added) (A05).

2. The Rule Of *Republic* Is Consistent With Holdings Of This Court

Petitioner complains that the district court should have "weighed" the evidence of commercial success before determining obviousness. It argues that the rule of *Republic*, excusing the court from "weighing" commercial success evidence when the obviousness of the claim is clear, is inconsistent with the law of other circuits.

Even assuming, *arguendo*, that *Republic* is in conflict with the law of other circuits, *Republic* is consistent with the holdings of this Court.

The landmark case on the evaluation of obviousness under section 103 is *Graham v. John Deere Co.*, 383 U. S. 1 (1966). It states:

Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such *secondary* considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries *may* have relevancy.

(Emphasis added) 383 U. S. at 17-18.

These "secondary considerations" have been used by the court as indications of patentability for over one hundred years. However, for as long as these factors have been used, this court has cautioned against basing a finding of invention on them. For example, *Smith v. The Goodyear Dental Vulcanite Company*, 93 U. S. 486 (1877) states:

We do not say, the single fact that a device has gone into general use and has displaced other devices which had previously been employed for analogous uses, establishes in all cases that the later device involves a patentable

invention. It may, however, always be considered; and when the other facts in the case leave the question in doubt, it is sufficient to turn the scale.

(Emphasis added) 93 U. S. at 495-96.

Later, in *Dow Chemical Company v. Halliburton Oil Well Cementing Company*, 324 U. S. 320 (1945), the court affirmed the circuit court's finding of invalidity in spite of the petitioner's claims that the process in question filled a long felt want and had been a commercial success:

But these considerations are relevant only in a close case where all other proof leaves the question of invention in doubt. . . . Here the lack of invention is beyond doubt and cannot be outweighed by such factors.

324 U. S. at 330.

The court has rearticulated this proposition by repeatedly stating that secondary considerations, including commercial success, "without invention will not make patentability." *Jungerson v. Ostby & Barton Company*, 335 U. S. 560, 567 (1949); *Great Atlantic & Pacific Tea Company v. Supermarket Equipment Corporation*, 340 U. S. 147, 153 (1950); and *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U. S. 57, 61 (1969).⁴

These cases affirmatively hold that before a court looks to secondary considerations, it must first determine, using the primary criteria of *Graham*, whether the question of nonobviousness is a "close case". If a "close case" is made, secondary considerations can be utilized to "tip the scales" toward patentability. However, if a "close case" is not made, a finding of obviousness cannot be "out-weighed by such factors".

⁴ See also *Paramount Publix Corporation v. American Tri-Ergon Corporation*, 294 U. S. 464, 474 (1935); *McLean v. Ortmayer*, 141 U. S. 419, 428 (1891).

The rule of *Republic* is a restatement of these Supreme Court rulings. It merely relieves a trial court from the futile act of "weighing" secondary considerations which cannot outweigh the court's finding of clear obviousness under the primary criteria. When the trial court finds that patent claims are clearly obvious, as Judge Evans did, "weighing" of these factors can make no difference in the court's ultimate determination of obviousness.

3. There Is No Conflict Between The Circuits Because All Patent Appeals Now Go To The Court Of Appeals For The Federal Circuit

Petitioner argues that the law varies among the circuits on the question of whether secondary considerations of unobviousness must be considered and that a pronouncement by the Supreme Court is necessary to achieve uniformity among them. This court has refused to review this question several times since the 1979 *Republic* decision.

For example, certiorari was denied in *Stevenson v. Grentec, Inc.*, 652 F. 2d 20 (9th Cir. 1981) *cert. denied* ____ U. S. ___, 102 S. Ct. 2008, 50 U. S. L. W. 3858 (1982) (No. 81-1185). In that case, the Court of Customs and Patent Appeals ("CCPA") and a federal district court made opposite determinations on the validity of the same patent. The CCPA, reviewing an International Trade Commission decision, found the patent valid based in part on the commercial success of the invention whereas the district court, in an infringement action, found the patent invalid, refusing to consider secondary factors. The petition for writ of certiorari to review this case was summarily denied.

The court also refused to review *Cathodic Protection Service v. American Smelting & Refining Company*, 594 F. 2d 499 (5th Cir. 1979), *cert. denied* 444 U. S. 965 (1979) (No. 79-506) (asking review of the 5th circuit's failure to examine secondary considerations after finding claims "clearly obvious".

even though such considerations reinforced the district court's determination of nonobviousness); and *American Seating Company v. National Seating Company*, 586 F. 2d 611 (6th Cir. 1978), *cert. denied* 441 U. S. 907 (1979) (No. 78-1304).

The present case is even less appropriate for review of this issue than these previous cases. First, and foremost, the new Federal Circuit Court has been created to achieve national uniformity of patent laws since certiorari was refused in those cases. Second, the results below should stand even if the Court were to overturn the rule of *Republic* because (a) the district court reviewed the secondary considerations and found the patent claims invalid based on the lack of probative value of the commercial success evidence; (b) the district court also found no infringement of the asserted claims, even if the claims were valid; and (c) the district court found claims of one patent to be invalid for double patenting. Therefore, even if the court had interest in reviewing the issue raised by petitioner, this is neither the case nor the time for review.

The petition's claim that national uniformity of patent case law has not been achieved by creation of the new Court of Appeals for the Federal Circuit is ill-founded and contrary to congressional intent.

"The new Court of Appeals for the Federal Circuit will provide nationwide uniformity in patent law, will make the rules applied in patent litigation more predictable and will eliminate the expensive, time-consuming and unseemly forum-shopping that characterizes litigation in the field."

H. R. Rep. No. 97-312, 97th Cong., 1st Sess. 20 (1981).

Congress, recognizing that the Supreme Court "appears to be operating at—or close to—full capacity" and "cannot be expected to provide much more guidance in legal issues than it now does", S. Rep. No. 97-275, 97th Cong., 1st Sess. 3 (1981), choose to create the new Federal Circuit Court. The new court became effective on October 1, 1982. Federal Courts Improve-

ment Act of 1982, § 402, 28 U.S.C. § 171. It subsequently adopted the body of Court of Claims and Court of Customs and Patent Appeals case law as precedent. *South Corporation v. United States*, ____ F. 2d ___, 215 U. S. P. Q. 657 (Fed. Cir. 1982). Consequently, uniformity among the circuit courts has been achieved and a Supreme Court pronouncement on this very narrow area of patent law is unnecessary.

Petitioner's assertion that the court should take this patent case based on conflicting law among the circuits so soon after the new Federal Circuit Court came into existence is inappropriate. This is particularly true in light of Chief Justice Warren Burger's recent public suggestion that Congress create a national appeals court to decide *all* cases involving a conflict between the laws of different circuits in order to relieve the Supreme Court of part of its burdensome caseload.

CONCLUSION

Petitioner presents no issue suitable for review by this Court. The District Court allowed petitioner to present evidence of commercial success, considered that evidence, and found it not probative of nonobviousness. The Seventh Circuit properly affirmed applying law consistent with the case law of this Court. Even if a conflict previously existed between the law of the circuit courts, creation of the new Federal Circuit Court has now achieved national uniformity of patent case law. Therefore, petitioner presents neither a reason of policy nor a case of substantial injustice to this Court. Accordingly, the Petition for Certiorari should be denied.

Respectfully submitted,

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